

Pat. # 6,199,617
6,866,080

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Edgar Newberg,

Court File No: _____

Plaintiff,

COMPLAINT

v.

JURY TRIAL DEMANDED

Michael Schweiss, Schweiss Distributing,
Inc.,

Defendants.

Plaintiff Edgar Newberg, for his Complaint against Defendants Michael Schweiss and Schweiss Distributing, Inc. (collectively "Defendants"), states and alleges as follows:

NATURE OF THE ACTION

1. This is a civil action arising under the patent laws of the United States, 35 U.S.C. §§ 101 et seq., and specifically 35 U.S.C. § 256, for correction of inventorship of United States Patent Numbers 6,199,617 ("the '617 patent") and 6,866,080 ("the '080 patent"). This is also an action for unjust enrichment, promissory estoppel, and fraudulent nondisclosure.

PARTIES, JURISDICTION & VENUE

2. Plaintiff Edgar Newberg ("Newberg") is and was at all relevant times a citizen of the State of Minnesota, residing in Hector, Minnesota.

3. Upon information and belief, Defendant Michael Schweiss ("Schweiss") is and was at all relevant times a citizen of the State of Minnesota, residing in Hector, Minnesota.

COUNT V

Fraudulent Nondisclosure

53. Newberg hereby realleges and incorporates by reference paragraphs 1 through 52 above.

54. Schweiss, pursuant to federal patent laws, had a duty to disclose all inventors of the '617 and '080 patents.

55. Newberg significantly contributed to the subject matter covered by the '617 and '080 patents and should have been listed as an inventor on the patents.

56. Schweiss, however, concealed from Newberg both the patent applications and his duty to disclose Newberg as an inventor of the '617 and '080 patents.

57. The duty to disclose all inventors of the '617 and '080 patents was a fact peculiarly within Schweiss' knowledge since he is the party that applied for the patents.

58. Newberg was unaware that Schweiss had a duty to disclose him as an inventor of the '617 and '080 patents. Moreover, Schweiss knew that Newberg was unaware of his right to be listed as an inventor on the '617 and '080 patents.

59. As a result of Schweiss' fraudulent nondisclosure, Newberg has been injured and damaged and is entitled to monetary relief in an amount to be determined at trial.

PRAYER FOR RELIEF

WHEREFORE, based upon the foregoing, Plaintiff Edgar Newberg seeks judgment in his favor and against Defendants Michael Schweiss and Schweiss

Distributing, Inc. on all claims in this matter, and respectfully requests that the Court issue the following relief against Defendants:

A. A finding, pursuant to 35 U.S.C. § 256, that Plaintiff Edgar Newberg is an inventor of U.S. Patent No. 6,199,617 and an Order directing correction of U.S. Patent No. 6,199,617 to properly reflect Plaintiff Edgar Newberg's status as an inventor;

B. A finding, pursuant to 35 U.S.C. § 256, that Plaintiff Edgar Newberg is an inventor of U.S. Patent No. 6,866,080 and an Order directing correction of U.S. Patent No. 6,866,080 to properly reflect Plaintiff Edgar Newberg's status as an inventor;

C. Damages in an amount to be proved at trial;

D. That Defendants be disgorged of all unjust enrichment, and all such unjust enrichment should be awarded to Plaintiff Edgar Newberg;

E. Pre and post-judgment interest, costs and attorneys' fees as provided by law; and

F. Such other relief, both legal and equitable, as this Court deems just and appropriate under the circumstances.

JURY DEMAND

Plaintiff Edgar Newberg hereby requests a trial by jury, pursuant to Rule 38 of the Federal Rules of Civil Procedure, on all claims and issues so triable.

Dated: July 11, 2008

**MASLON EDELMAN BORMAN
& BRAND, LLP**

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4. Upon information and belief, Defendant Schweiss Distributing, Inc. is a Minnesota corporation, with its principal place of business in Fairfax, Minnesota.

5. This Court has subject matter jurisdiction over Newberg's claim to correct inventorship pursuant to 28 U.S.C. §§ 1331 and 1338(a) since this action arises under an Act of Congress relating to patents, specifically 35 U.S.C. § 256.

6. This Court has supplemental subject matter jurisdiction over Newberg's common-law claims brought under the laws of the State of Minnesota for unjust enrichment, promissory estoppel, and fraudulent nondisclosure (Counts III-V) pursuant to 28 U.S.C. § 1367 since these common-law claims are so related to Plaintiff's federal claim for correction of inventorship, over which this Court has original jurisdiction, that they form part of the same case or controversy under Article III of the United States Constitution.

7. Personal jurisdiction in the United States District Court for the District of Minnesota is proper because Defendant Michael Schweiss is a Minnesota resident and Defendant Schweiss Distributing, Inc. is a Minnesota corporation with its principal place of business in Minnesota. In addition, both Defendants have committed violations of the patent statutes and other common-law violations in the District of Minnesota.

8. Venue is proper in this District pursuant to 28 U.S.C. §§ 1391(b) and 1391(c), in that Defendants reside in this District and a substantial part of the events or omissions giving rise to the claims discussed herein occurred within this District.

FACTUAL ALLEGATIONS

I. Ed Newberg Invents a New Type of Bi-Fold Door With a Lift Strap System.

9. Ed Newberg, a pilot, owns an aerial crop spraying company in Hector, Minnesota. Newberg is also the manager of the Hector airport.

10. There are several aircraft hangers located at the Hector airport. Many of the aircraft hangers have bi-fold doors, which are used to open and close the entrance to the hangers. Bi-fold doors are used in aircraft hangers and other large industrial buildings.

11. In approximately August 1998, Newberg was repairing a bi-fold door at his aircraft hanger when he invented a new lifting mechanism for bi-fold doors.

12. Newberg's idea was, in part, to replace the cable lift straps, which were previously used in all bi-fold doors, with nylon lift straps. Newberg believed that the nylon lift straps would be safer, would last longer than cable straps, and would make the bi-fold doors function better.

13. In conjunction with the idea to replace the cable lift straps with nylon lift straps, Newberg also invented several other improvements to the door that were used in conjunction with the nylon lift strap, including but not limited to the assembly of a shaft, which rotated with the motor, and an attachment mechanism for the strap (collectively referred to as the "lift strap system").

14. Newberg's new bi-fold door with the lift strap system functioned extremely well. His friend, Michael Schweiss, came to the aircraft hanger to look at Newberg's new invention.

15. Schweiss and Newberg had known each other since childhood. Schweiss owns Schweiss Distributing, Inc., a company in Fairfax, Minnesota that manufactures and sells bi-fold doors.

16. Schweiss came to the aircraft hanger to look at Newberg's new bi-fold door with the lift strap system. In fact, Schweiss came back several times over the course of the following month to examine Newberg's invention. Schweiss even brought another employee from his company to inspect the door.

II. Michael Schweiss Promises to Compensate Ed Newberg for his Invention.

17. Schweiss eventually saw the tremendous sales potential with Newberg's invention. Schweiss told Newberg that his new type of bi-fold door was a terrific idea, and asked if he could use the idea.

18. Schweiss promised, however, that if he was allowed to use the lift strap system invention, he would compensate Newberg for the invention.

19. In fact, Schweiss publicly stated that if Newberg's new bi-fold door with the lift strap system takes off, he would make it worth Newberg's while.

20. Throughout the years, Schweiss reaffirmed his promise to compensate Newberg for his invention.

21. Because Schweiss promised to compensate him, Newberg agreed that Schweiss could use his new lift strap system invention. Newberg always expected, however, that Schweiss would compensate him for his invention.

III. Michael Schweiss Fails to Compensate Ed Newberg for his Invention.

22. Contrary to the agreement between Schweiss and Newberg, Schweiss—to this date—has failed to compensate Newberg for his invention.

23. Bi-fold doors with Newberg's lift strap system invention have been extremely successful. In 2007 alone, Schweiss Distributing had revenue greater than \$10 million from the sale of the bi-fold doors with the lift strap system. Indeed, bi-fold doors with the lift strap system make up approximately 80 percent of Schweiss Distributing, Inc.'s business.

24. As stated on Schweiss Distributing, Inc.'s Web site, bi-fold doors with the lift strap system have made bi-fold doors "faster, safer, simpler, easier, and quieter."

25. Schweiss acknowledges that his company would not be nearly as successful were it not for bi-fold doors with the lift strap system—the same lift strap system invented by Newberg.

26. Schweiss also has acknowledged that it helps his business if people think that he, rather than Newberg, invented the bi-fold doors with the lift strap system.

27. Even though Schweiss and Schweiss Distributing, Inc. would not have made these millions of dollars without Newberg's idea for the lift strap system, Schweiss—in violation of his agreement with Newberg—has failed to provide Newberg with any compensation for the use of his invention.

IV. Michael Schweiss Also Fails to Name Ed Newberg as an Inventor on the '617 and '080 Patents in Violation of Federal Patent Laws.

28. Not only has Schweiss violated his agreement to compensate Newberg for his invention, Schweiss has also violated federal patent laws by failing to disclose Newberg as an inventor on the '617 or '080 patents, the patents covering the lift strap system invention.

29. On May 19, 1999, Schweiss filed patent application number 09/314,529, which later issued as the '617 patent. The only inventor listed on the '617 patent is Michael L. Schweiss. The '617 patent issued on March 13, 2001 and was assigned to Schweiss Distributing, Inc. A copy of the '617 patent is attached to this Complaint as Exhibit A.

30. On February 20, 2001, Schweiss filed patent application number 09/783,960 (a division of application number 09/314,529), which later issued as the '080 patent. The only inventor listed on the '080 patent is Michael L. Schweiss. The '080 patent issued on March 15, 2005 and was assigned to Schweiss Distributing, Inc. A copy of the '080 patent is attached to this Complaint as Exhibit B.

31. Newberg, through no fault of his own, is not disclosed as an inventor on either the '617 or '080 patents, yet he significantly contributed to the subject matter claimed in both patents, and played a significant (if not the sole and only) role in the conception and reduction to practice of the patented invention. Newberg should therefore have been named an inventor on the patents.

COUNT I

Correction of Inventorship of U.S. Patent No. 6,199,617

32. Newberg hereby realleges and incorporates by reference paragraphs 1 through 31 above.

33. Newberg conceived the patented invention covered by one or more claims of the '617 patent. Newberg therefore significantly contributed to the conception and reduction to practice of the invention claimed by the '617 patent.

34. Even though Newberg significantly contributed to the subject matter covered by the '617 patent, Newberg was omitted as an inventor from the '617 patent. This omission occurred without any deceptive intent on Newberg's behalf.

35. Accordingly, pursuant to 35 U.S.C. § 256, this Court must order correction of the '617 patent to properly reflect Newberg's status as an inventor.

COUNT II

Correction of Inventorship of U.S. Patent No. 6,866,080

36. Newberg hereby realleges and incorporates by reference paragraphs 1 through 35 above.

37. Newberg conceived the patented invention covered by one or more claims of the '080 patent. Newberg therefore significantly contributed to the conception and reduction to practice of the invention claimed by the '080 patent.

38. Even though Newberg significantly contributed to the subject matter covered by the '080 patent, Newberg was omitted as an inventor from the '080 patent. This omission occurred without any deceptive intent on Newberg's behalf.

39. Accordingly, pursuant to 35 U.S.C. § 256, this Court must order correction of the '080 patent to properly reflect Newberg's status as an inventor.

COUNT III

Unjust Enrichment

40. Newberg hereby realleges and incorporates by reference paragraphs 1 through 39 above.

41. Schweiss promised, if Newberg allowed him to use the lift strap system invention, that he would compensate Newberg for the invention.

42. In violation of the parties' agreement, Schweiss and his company, Schweiss Distributing, Inc., profited tens of millions of dollars from Newberg's lift strap system invention yet knowingly failed to provide any compensation to Newberg.

43. Defendant Michael Schweiss also improperly failed to disclose Newberg as an inventor on the '617 and '080 patents.

44. Defendants, through their actions in violation of Minnesota law and federal patent laws, have been unjustly enriched, through both their failure to compensate Newberg for his invention, and failure to disclose Newberg to the United States Patent and Trademark Office ("USPTO") as an inventor on the '617 and '080 patents.

45. As a result of Defendants unjust enrichment, Newberg has been injured and damaged and is entitled to monetary damages in an amount to be determined at trial.

COUNT IV

Promissory Estoppel

46. Newberg hereby realleges and incorporates by reference paragraphs 1 through 45 above.

47. In exchange for using Newberg's lift strap system invention, Schweiss made a clear and definite promise to compensate Newberg for his invention.

48. It was reasonably foreseeable to Schweiss that Newberg would rely on his promise.

49. In fact, Newberg relied upon Schweiss' promise, and in reliance on that promise Newberg did not attempt to commercialize his bi-fold door with the new lift strap system, nor did Newberg approach any other companies to determine their interest in purchasing the lift strap system invention.

50. Schweiss and his company, Schweiss Distributing, Inc., have profited millions of dollars from Newberg's invention of the lift strap system and have failed—in violation of Schweiss' promise to Newberg—to provide any compensation to Newberg.

51. Schweiss' promise to compensate Newberg for his invention must be enforced to prevent injustice.

52. As a result of Schweiss' violation of his promise to compensate Newberg for the lift strap system invention, Newberg has suffered great economic loss and is entitled to monetary damages in an amount to be determined at trial.